Calendar No. 211

98TH CONGRESS, 1st Session } SENATE { REPORT No. 98–138

AUTHORIZING REHABILITATION OF THE BELLE FOURCHE RECLAMATION PROJECT, SOUTH DAKOTA

MAY 20 (legislative day, MAY 16), 1983.—Ordered to be printed

Mr MCCLURE, from the Committee on Energy and Natural Resources, submitted the following

REPORT

[To accompany S. 448]

The Committee on Energy and Natural Resources, to which was referred the bill (S. 448) to authorize the rehabilitation of the Belle Fourche irrigation project, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

The amendments are as follows:

1. Page 3, line 18, insert "of" following the word "as".
2. Page 3, line 25 and page 4, line 1, strike "Water and Power Resources Service" and insert in lieu thereof "Bureau of Reclamation".

PURPOSE

As ordered reported, S. 448, would reauthorize the existing Belle Fourche reclamation project in South Dakota as a unit of the Pick-Sloan Missouri Basin Program, authorize rehabilitation of project facilities and the appropriation of related funds, expand project purposes, and allow the proceeds from the sale of project related water to be applied toward project costs.

BACKGROUND

The Belle Fourche project is located in Butte and Meade Counties in Western South Dakota. The project was constructed during 1904–1915 and was one of the first reclamation projects designed and built by the then Reclamation Service (now the Bureau of Reclamation). As one of the first projects built, it was not subject to modern construction criteria or technology and most of the project structures and

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features have served their expected useful lives or have become obsolete.

In spite of difficult soil, climatological, and project design handicaps, farmers on the Belle Fourche project have been successful and the project is the mainstay of the local economy. However, operation and maintenance costs have risen and the reliability of the project has deteriorated. The project is in need of modernization and improvement in order to:

1. restore reliability,
2. reduce operation and maintenance costs,
3. conserve water,
4. improve supply distribution,
5. provide safety features,
6. restore capacity, and
7. reclaim lands lost to seepage.

Unlike most reclamation projects, irrigators on the Belle Fourche project do not benefit from revenues from the sale of project related hydroelectric power. Financial studies indicate that as an independent unit, the income to the project would be insufficient to retire the debt incurred under the proposed rehabilitation and betterment project. However, by including Belle Fourche as a unit of the Pick-Sloan program, sufficient power revenues would be available to repay that portion of the costs which exceed the capacity of the irrigators to pay—and without an increase in power rates to the consumers in the Missouri River Service area.

Enactment of the bill would have the net effect of putting the Belle Fourche project on an equal footing with more modern projects presently subsidized by power revenues, while at the same time enhancing the long term viability of the social and economic welfare of the area.

Project statistics

The Belle Fourche project consists of about 57,100 acres of irrigable land along the Belle Fourche River. Major project features include the Belle Fourche Diversion Dam on the Belle Fourche River, a reservoir with a capacity of 185,000 acre feet of storage located in the Owl Creek drainage basic behind Belle Fourche Dam, a 6 and ½ mile inlet canal, 94 miles of irrigation canals, 450 miles of laterals, and 230 miles of drains. Major crops include hay, forage, pasture and cereals. Average gross farm income per farm in 1979 was $21,235.00.

LEGISLATIVE HISTORY

S. 448 was introduced on February 3, 1983. A hearing was held before the Subcommittee on Water and Power on March 24, 1983, at which time the Administration opposed passage of the bill.

A similar bill, S. 933, passed the Senate in the 97th Congress but was not considered by the House prior to adjournment.

COMMITTEE RECOMMENDATION AND TABULATION OF VOTES

The Senate Committee on Energy and Natural Resources, in open business meeting on May 13, 1983, by unanimous vote of a quorum present, recommends that the Senate pass S. 448 if amended as described herein.

The rollcall vote on reporting the measure was 18 yeas and 0 nays as follows:

YEAS	NAYS
McClure	
Hatfield	
Weicker [1]	
Wallop	
Warner	
Murkowski	
Nickles	
Hecht	
Chafee	
Heinz [1]	
Johnston [1]	
Jackson	
Bumpers [1]	
Ford	
Metzenbaum [1]	
Melcher	
Bradley [1]	

[1] Indicates vote by proxy.

COMMITTEE AMENDMENTS

1. Technical.
2. Technical.

COST AND BUDGETARY CONSIDERATIONS

The following estimate of costs of this measure has been provided by the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., May 16, 1983.

Hon. JAMES A. MCCLURE,
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for S. 448, a bill to authorize rehabilitation of the Belle Fourche irrigation project, and for other purposes.

Should the Committee so desire, we would be pleased to provide further details on this estimate.

Sincerely,

JAMES BLUM
(For Alice M. Rivlin, Director).

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

MAY 16, 1983.

1. Bill number: S. 448.
2. Bill title: A bill to authorize rehabilitation of the Belle Fourche irrigation project, and for other purposes.

3. Bill status: As ordered reported by the Senate Committee on Energy and Natural Resources, May 13, 1983.

4. Bill purpose: This bill reauthorizes the Belle Fourche reclamation project as a unit of the Pick-Sloan Missouri Basin program and expands the project purposes to include water conservation, recreation, and fish and wildlife conservation and development. The bill also authorizes the Secretary of the Interior to negotiate an amendatory repayment contract with the Belle Fourche irrigation district. In addition, S. 448 authorizes the appropriation of funds for the rehabilitation and betterment of irrigation facilities and for recreation and fish and wildlife measures at the Belle Fourche unit.

5. Estimated cost to the Federal Government:

	Millions
Estimated authorization level:	
Fiscal year:	
1984	$6.5
1985	5.6
1986	6.2
1987	6.4
1988	6.8
Estimated outlays:	
Fiscal year:	
1984	5.5
1985	5.8
1986	6.1
1987	6.4
1988	6.7

Estimated outlays are for rehabilitation and betterment construction at the Belle Fourche unit. A portion of these funds (based on the ability to pay) will be repaid by the Belle Fourche irrigation district over a period not exceeding 40 years from the date of the repayment contract execution. The remainder of the costs of the improvements will be repaid through rates charged power users of the Pick-Sloan Missouri Basin project. Since repayments will not begin until significant benefits from the rehabilitation are being accrued, no repayment revenues are reflected in the table above. The Bureau of Reclamation estimates that the Belle Fourche water district will be able to repay approximately $235,000 annually (or a total of about $7.3 million over the 31 years remaining in the 40-year repayment period after completion of construction).

The costs of this bill fall within budget function 300.

Basis of estimate: For the purpose of this estimate, it is assumed that all funds authorized will be appropriated incrementally as work progresses on the project. The bill authorizes a total of $42 million based on January 1981 price levels and provides for increases in this amount to adjust for inflation. Assuming that rehabilitation of the unit takes 9 years and that work progresses at a constant rate, and adjusting costs to reflect a 5 percent annual inflation rate, it is anticipated that the rehabilitation and betterment of the Belle Fourche unit will cost a total of approximately $61 million.

6. Estimated cost to State and local governments: None.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: Debbie Goldberg.
10. Estimate approved by:

C. G. NUCKOLS
(For James L. Blum,
Assistant Director for Budget Analysis).

REGULATORY IMPACT EVALUATION

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee makes the following evaluation of the regulatory impact which would be incurred on the passage of S. 448.

The bill is not a regulatory measure in the sense of imposing Government-established standards or significant responsibilities on private individuals or businesses and little, if any, additional paperwork would result from enactment of S. 448 other than that which would normally be associated with such a Federal construction program.

EXECUTIVE COMMUNICATIONS

The pertinent legislative report received by the Committee from the Department of the Interior setting forth Executive agency recommendations relating to S. 448 is set forth as follows:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., May 9, 1983.

Hon. JAMES A. MCCLURE,
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This responds to your request for our views on S. 448, a bill "To authorize rehabilitation of the Belle Fourche irrigation project, and for other purposes."

We oppose enactment of S. 448.

With enactment of this legislation, the general plan of the existing Belle Fourche Project, previously authorized for construction in 1904, would be modified and reauthorized as the "Belle Fourche Unit" of the Pick-Sloan Missouri Basin Program. Such reauthorization would allow surplus Pick-Sloan Missouri Basin Program power revenues to be used for repaying costs assigned to irrigation that are above the water users' ability to pay.

The bill would authorize an appropriation of $42 million (January 1981 price levels), plus or minus amounts justified by reason of fluctuations in construction cost indexes for the types of construction involved. These expenditures would be made for construction activities associated wtih the development of new facilities and rehabilitation of existing works to provide water conservation, recreation, and fish and wildlife benefits.

We are opposed to this legislation because it is contrary to the Administration's policy of requiring that direct beneficiaries of Federal projects pay for the costs of the benefits they receive. We do not

believe that this program would be in the best interests of the Federal taxpayer, nor should we require the power customers of the Pick-Sloan Missouri Basin Program to repay 70 percent or more of these rehabilitation and betterment costs.

Section 2 of the bill would require the Secretary of the Interior to negotiate a repayment contract which would fix the obligation to be repaid by the water users within 40 years from its execution. Our policy is to have an executed contract prior to construction with a repayment period running from the time that the project is substantially complete. However, the bill would reduce the time for the water users to repay project costs since repayment cannot begin until benefits accrue. This could result in a 30-year payback period if construction took 10 years. Our estimate shows that at least $30.3 million of future net power revenues would be required to assist in the repayment of the proposed work, exclusive of any miscellaneous revenues.

The majority of the expenditures under the bill would be assigned to irrigation, and under Reclamation law, except for excess landholders, irrigation costs are considered interest-free. The cost of the program would have to be financed through tax revenues or by public debt instruments. Such financing carries real interest costs for the general taxpayer and would not be returned by the local beneficiaries or power customers.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

GARREY E. CARRUTHERS,
Assistant Secretary.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of Rule XXVI of the Standing Rules of the Senate, the Committee notes that no changes in existing law would be made by the bill, S. 448 as reported.

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